

NOTICE BY THE CITY OF HENDERSON OF PROPOSED AMENDMENT TO HENDERSON MUNICIPAL CODE
SECTION 14.18.045 - WEST HENDERSON PHASE 1 WATER BACKBONE INFRASTRUCTURE RATES

On January 17, 2017, the City of Henderson (“City” or “Henderson”) City Council adopted Ordinance No. 3383, which established Henderson Municipal Code (HMC) Section 14.18.045 - West Henderson Phase 1 Water Backbone Infrastructure Rates to fund the planning, design, and construction of phase 1 of water backbone infrastructure for the West Henderson 2630 Pressure Zone (“2630 PZ”) and the 2760 Pressure Zone (“2760 PZ”) to enable the City to provide water service to projects that would receive a benefit from that backbone water infrastructure.

Planning and design of water backbone infrastructure for the 2630 PZ and the 2760 PZ, construction of that infrastructure, and financing of the foregoing are required to support water service to existing and future developments in the West Henderson area. Shortfalls in the collection of revenues from the assessment of West Henderson Phase 1 Water Backbone Infrastructure rates, significant reductions in water usage anticipated from future developments within West Henderson, and the initiation of the Southern Nevada Water Authority Horizon Lateral project have prompted the City to revise the backbone water infrastructure planning for West Henderson. The City has concluded the backbone infrastructure should be constructed in a single phase by the City and that the rates charged to projects benefiting from that infrastructure need to be increased.

The City estimates the cost to plan, design, construct, and finance the revised water backbone infrastructure for the 2630 PZ and the 2760 PZ totals Two Hundred Four Million dollars (\$204.0M) with the adjusted financing charges. The City estimates that, of that amount, One Hundred Thirteen Million, Four Hundred Thousand dollars (\$113.4M) is the amount providing direct benefit to the projects developed within the 2630 PZ and the 2760 PZ, and thus those costs should be reimbursed to the City through the establishment of two new rates (collectively, the “WH 2630/2760 PZ Water Infrastructure Rates”). Therefore, effective January 1, 2023, all new projects that the City determines will receive a benefit from existing or future water backbone infrastructure planned, designed, constructed, and/or financed for the 2630 PZ or for the 2760 PZ shall be charged and pay the WH 2630/2760 PZ Water Infrastructure Rates. This will facilitate orderly construction of permanent water service to existing and future developments within West Henderson. These and other changes are addressed in the proposed Ordinance that amends HMC 14.18.045.

Table 1 identifies the estimated cost for the backbone water infrastructure and the proportional cost allocation to developers. Table 2 provides the proposed cost per Equivalent Dwelling Unit (EDU) for the method of calculating the total EDUs based upon land use type. Table 3 provides the projected total Residential and Non-Residential EDUs.

Table 1 – Estimated Project Costs and Proportional Cost Allocation

2022 UPDATE - WEST HENDERSON BACKBONE INFRASTRUCTURE TOTAL COSTS				
DESCRIPTION	2022 PROJECT COST	CONSTRUCTION INFLATION	FINANCING	TOTAL COST
DEVELOPER FUNDED COST	\$67,868,400	\$77,027,378	\$36,328,808	\$113,356,186
CITY FUNDED COST	\$49,931,100	\$61,588,166	\$29,047,135	\$90,635,301
TOTAL WH COST	\$117,799,500	\$138,615,544	\$65,375,943	\$203,991,487
Notes: (1) An estimated \$138.6M will be required to pay for the planning, design, and construction of the water backbone infrastructure for the 2630 PZ and the 2760 PZ. This infrastructure includes new reservoirs and pipelines that transfer water between reservoirs but does not include all water pipelines needed to transmit and distribute water to customers. Developers/property owners will need to install connecting pipelines and other infrastructure in accordance with HMC Title 14. \$77.0M directly benefits projects that will receive water service from one or both of these pressure zones and, as reflected on the table above, will be recovered through the assessment of the WH 2630/2760 PZ Water Infrastructure Rates. (2) Total estimated financing cost of \$65.4M is based upon a four percent (4%) interest rate over a period of 20 years. (3) Total estimated developer funded costs reflect the estimated proportional share of the total cost of the planning, design, construction, and financing of the WH water backbone infrastructure to be recovered by the City from projects that will receive water service from the 2630 PZ and/or the 2760 PZ. (4) <i>Equivalent Dwelling Unit (EDU)</i> means “a measure of water demand equivalent to the amount of water [use] generated ... annually by an average single-family residential dwelling unit. One EDU is equivalent to 0.55 acre-feet of water per year.” For the purpose of calculating the total EDUs attributable to each project being assessed a rate, the EDU calculation in Table 2 applies.				

Table 2 - EDU Calculation Table

EDU Calculation Table			
Type of Development		EDU Calculation Factor	
Low Density Single-Family: RS-4, RS-6, RS-8, and RMH		1.0 EDU/lot	
Medium-Density Residential: RM-10 and RM16		0.81 EDU/unit	
Medium-Density Residential and High-Density Multifamily Residential: RH-24 and RH-36		0.51 EDU/unit	
Commercial and Industrial ⁽¹⁾		See Commercial and Industrial Meter Equivalency Chart (Potable Water) ⁽²⁾	
⁽¹⁾ Commercial and Industrial includes all non-residential, mixed-use, and special-purpose districts, including, but not limited to, schools, churches, public facilities, recreational vehicle parks, convalescent/assisted living facilities, etc.			
⁽²⁾ The EDU calculation factor shall be based on meter size as reflected in the Commercial and Industrial Meter Equivalency Chart (Potable Water).			
Commercial and Industrial Meter Equivalency Chart (Potable Water)			
Meter Size (inch) ^(a)	EDU %	2630 PZ 2023 Charge (per meter) ^(b)	2760 PZ 2023 Charge (per meter) ^(b)
3/4"	1.00	\$3,527	\$5,660
1"	1.97	\$6,948	\$11,149
1-1/2"	3.94	\$13,897	\$22,298
2"	13.20	\$46,557	\$74,705
3"	48.85	\$172,296	\$276,467
4"	72.51	\$255,746	\$410,370
6"	FEE BASED UPON ANNUAL WATER USE	SEE NOTE 2 BELOW	SEE NOTE 2 BELOW
8"			
10"			
12"			
^(a) When a combination fire and domestic system is utilized, the charges shall be based on the size of the meter that would be required to accommodate all non-fire flow demands. Said meter sizing shall be based on the American Water Works Association standards for sizing meters or other nationally recognized method as approved by the director.			
^(b) Based upon the CY2023 2630 PZ water infrastructure rate of \$3,527 per EDU, and 2760 PZ water infrastructure rate of \$5,660 per EDU.			
Notes: (1) Commercial and Industrial includes all non-residential, mixed-use, and special-purpose districts, including, but not limited to, schools, churches, public facilities, recreational vehicle parks, convalescent/assisted living facilities, etc. (2) EDU calculation factor for Commercial and Industrial that installs a meter greater than, or equal to a 6" meter shall be based upon the total estimated annual water usage for the project, in gallons per year, based upon the formula of 1 EDU = 0.55 acre-feet per year. Example: Project A Annual water use = 50,000,000 gallons 1 EDU = 0.55 acre-feet per year = 325,851 x 0.55 = 179,218 gallons per year Total EDUs = (50,000,000 gallons) x (1 EDU/179,218 gallons per year) = 279.0 EDUs			

Table 3 – Residential and Non-Residential EDUs

2022 UPDATED WEST HENDERSON EDUs BY ZONING CATEGORIES						
Residential Zoning Category	EDU Per Unit	Developed Acres	Remaining Acres	Developed EDUs	Remaining EDUs	Total EDUs
NT1-Single Family-VLD (RS1, RS2)	1.00	0.0	4.9	0.0	9.8	9.8
NT2-Single Family-LD (RS4)	1.00	85.7	442.6	443.0	2,212.8	2,655.8
NT3-Single Family-LD/MD (RS6, RS8, RMH, RM10)	0.81	15.7	328.9	170.1	3,197.0	3,367.1
NT4-Multi-Family-HD (RH24, RH36)	0.51	20.2	157.8	173.4	1,931.6	2,105.0
Subtotal - Residential		121.6	934.2	786.5	7,351.2	8,137.7

Non-Residential Land Use Category	Unit	Avg EDU/acre	Developed Acres	Remaining Acres	Developed EDUs	Remaining EDUs	Total EDUs
Business/Industry	Acre	2.00	272.3	208.8	117.9	417.6	535.5
Commercial	Acre	3.00	26.6	464.9	48.7	1,301.6	1,350.3
Employment Center	Acre	2.35	307.4	161.4	319.1	379.3	698.4
Neighborhood Center	Acre	3.00	0.0	44.3	0.0	123.9	123.9
Planned Community	Acre	4.50	0.0	0.0	0.0	0.0	0.0
Public/Semi-Public	Acre	3.00	119.0	810.9	0.0	2,270.5	2,270.5
Urban Center	Acre	2.80	96.8	239.1	71.3	669.5	740.8
Undefined	Acre	3.00	0.0	0.0	0.00	0.0	0.0
Clark County Las Vegas Blvd & Interstate 15	Acre	2.50	0.0	365.5	0.0	913.8	913.8
Subtotal - Non-Residential			822.1	2,294.9	557.0	6,076.2	6,633.2

The City will make the proposed Ordinance and other information available on the City's website at <https://www.cityofhenderson.com/westhenderson>, including a copy of this notice; legal description of the area in West Henderson that contains properties that could receive water service through the water backbone infrastructure that will be constructed for the 2630 PZ and the 2760 PZ; a visual depiction of the 2630 PZ and 2760 PZ; and the City of Henderson, Nevada Technical Memorandum West Henderson Water Infrastructure Phasing Strategy 2022 Update dated August 2022.

Interested persons, including trade associations and owners and officers of businesses that are likely to be affected, may submit data and arguments to the City as to whether the West Henderson 2630/2760 PZ Water Infrastructure Rates and proposed Ordinance amending HMC 14.18.045 will:

1. Impose a direct and significant economic burden upon a business; or
2. Directly restrict the formation, operation, or expansion of a business.

The deadline for the City to receive responses to this Notice is 5:00 p.m. Pacific time on Monday, September 19, 2022. City staff will use the responses received by this deadline to prepare a Business Impact Statement that will be presented to the Henderson City Council at a public meeting.

Responses must be submitted in writing to City of Henderson, Department of Utility Services, using one of the contact methods below and must arrive and be received by the City no later than 5:00 pm Pacific time on Monday, September 19, 2022.

Comments via City of Henderson website:
<http://www.cityofhenderson.com/westhenderson>

Comments via mail or other delivery service:
City of Henderson
Department of Utility Services
ATTN: Alison Nunes
240 Water Street
PO Box 95050
MSC 124
Henderson, Nevada 89009-5050

Comments via Email:
DUSPublicNotice@cityofhenderson.com